

Top Secret 219

(Security Classification) 25X1

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NATIONAL INTELLIGENCE DAILY CABLE

Wednesday 6 September 1978 CG NIDC 78/208

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NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

State Dept. review completed

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DIA review(s) completed.

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National Intelligence Daily Cable for Wednesday, 6 September 1978

The NID Cable is for the purpose of informing senior US officials.

CONTENTS

LEBANON: Syrian Objectives

Page 1

JAPAN: Domestic Reactor Power

Page 3

CUBA: Hustling Consumer Goods

Page 3

BRIEFS

Page 5

Libya
Bangladesh

LEBANON: Syrian Objectives

25X1

[] Syrian forces and Christian militiamen in Beirut exchanged sporadic artillery and small arms fire yesterday, but the situation in northern Lebanon remained relatively quiet. The Syrians are determined to prevent the militias from partitioning Lebanon and from creating a pro-Israeli state on Syria's border.

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[] The conventional antiaircraft equipment seen last week at a Syrian training area on the Damascus-Beirut road has apparently been moved into Lebanon. The US defense attache now believes that the Syrian air defense buildup is a precaution against possible Israeli airstrikes in support of the Christians.

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[] Much of the antiaircraft artillery has been set up along the Damascus-Beirut road and in the central Bekaa Valley.

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[] The Syrian moves to upgrade antiaircraft forces in Lebanon are probably meant as a warning to Israel that Syria cannot be pushed out of Lebanon without a fight. While the Syrians clearly want to keep up the pressure on the Christians, however, they also want to avoid a major crisis that would give Israel an excuse to intervene on the side of the militias.

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[] Syrian President Assad expects the Christians to continue provoking his forces in Lebanon in hopes of sparking an Israeli move.

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[] We agree with the US Embassy in Damascus that Assad remains committed to supporting a unified and stable Lebanese state, although one that is closely tied to Syrian interests on key political and economic issues. Assad is well aware that Syria cannot absorb Lebanon or annex it, but he wants, above all else, to prevent the establishment of a Maronite-dominated, Israeli-supported mini-state on Syria's border.

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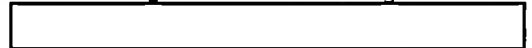


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[redacted] In order to accomplish his objectives, Assad apparently believes he must reduce the power of the militias to the point that they no longer control large areas of the country. He probably calculates that his strategy of gradually constricting the areas under Christian control will ultimately force the militias to give up their alliance with Israel and stop obstructing Syria's peacekeeping role in Lebanon.

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JAPAN: Domestic Reactor Power

25X1 [] Japan's first advanced thermal reactor started power transmission on 29 July. Construction of the reactor, the first designed and built entirely by the Japanese, began in 1970. Its present output of 25 megawatts will be increased to full power of 165 megawatts by the end of the year.

25X1 [] The Japanese advanced thermal reactor program, begun in 1966, has reached its goal of producing a reactor that reduces the demand for natural uranium and uranium-enrichment services, and also allows operation with natural uranium and a self-sustaining plutonium cycle. The heavy-water-moderated reactor is designed to operate on mixed-oxide fuel (plutonium and natural uranium) but is fueled initially with low-enriched uranium fuel surrounding a central core of mixed-oxide fuel. Construction of a 600-megawatt demonstration reactor is scheduled to begin in 1981.

25X1 [] The new reactor was originally planned as an intermediate step between light-water reactors and eventual fast-breeder reactors. Its future has been somewhat clouded recently, however, by the interest of Japan's Electric Power Development Corporation in purchasing Canadian CANDU reactors. The new reactor is similar to the CANDU design, but the CANDU is not configured to use plutonium as fuel. Japanese utilities, however, favor the domestically produced reactor, mainly because it will help reduce the dependence on foreign suppliers of nuclear technology and services. [] 25X1

CUBA: Hustling Consumer Goods

25X1 [] //A loosely organized black market specializing in nondurable consumer goods flourishes in Cuba, particularly

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in the Havana metropolitan area. The market's vitality in the face of longstanding government attempts to suppress it reflects the continued shortage of most consumer items and the large amount of excess purchasing power in the hands of the Cuban people. Although the black market accounts for only a small share of Cuban economic activity, it is a major outlet for frustration with an austere lifestyle and is therefore a stabilizing influence in Cuban society.//

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[redacted] the black market is a decentralized, loosely knit operation. Most of the consumer goods in the market originate in capitalist countries and are smuggled into Cuba by merchant seamen. Other sources of contraband are tourists and government warehouses and their distribution system; unused food and gasoline ration cards are also diverted to the black market. The small but productive private agricultural sector makes significant additions in certain areas.//

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[redacted] //Items passing through the system consist mainly of small consumer goods that can easily be transported clandestinely and command a high enough price to make the risk worthwhile. Trading in foodstuffs is largely confined to farm areas because of their lower value and the difficulty of transporting food items. A major exception is coffee. A considerable amount of currency also is traded on the black market.//

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[redacted] //The vitality of the black market stems from the continued shortages of most consumer items, the large amounts of excess purchasing power in the hands of the Cuban people, and the inability of the government to suppress illegal transactions. The government falls far short of meeting consumer demand because of the priorities and inefficiencies characteristic of its Soviet-type economy and because of the low world sugar prices.

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[redacted] //Almost all wearing apparel and foodstuffs, including sugar, are strictly rationed. At the same time, aggregate personal income, measured in pesos, has jumped 38 percent since 1973, reflecting higher salary scales and the accelerated growth of the labor force.//

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[redacted] //We have no evidence of appreciable corruption among top-level government officials, although there are indications that some mid-level officials are involved and that low-ranking police are providing protection in some instances.//

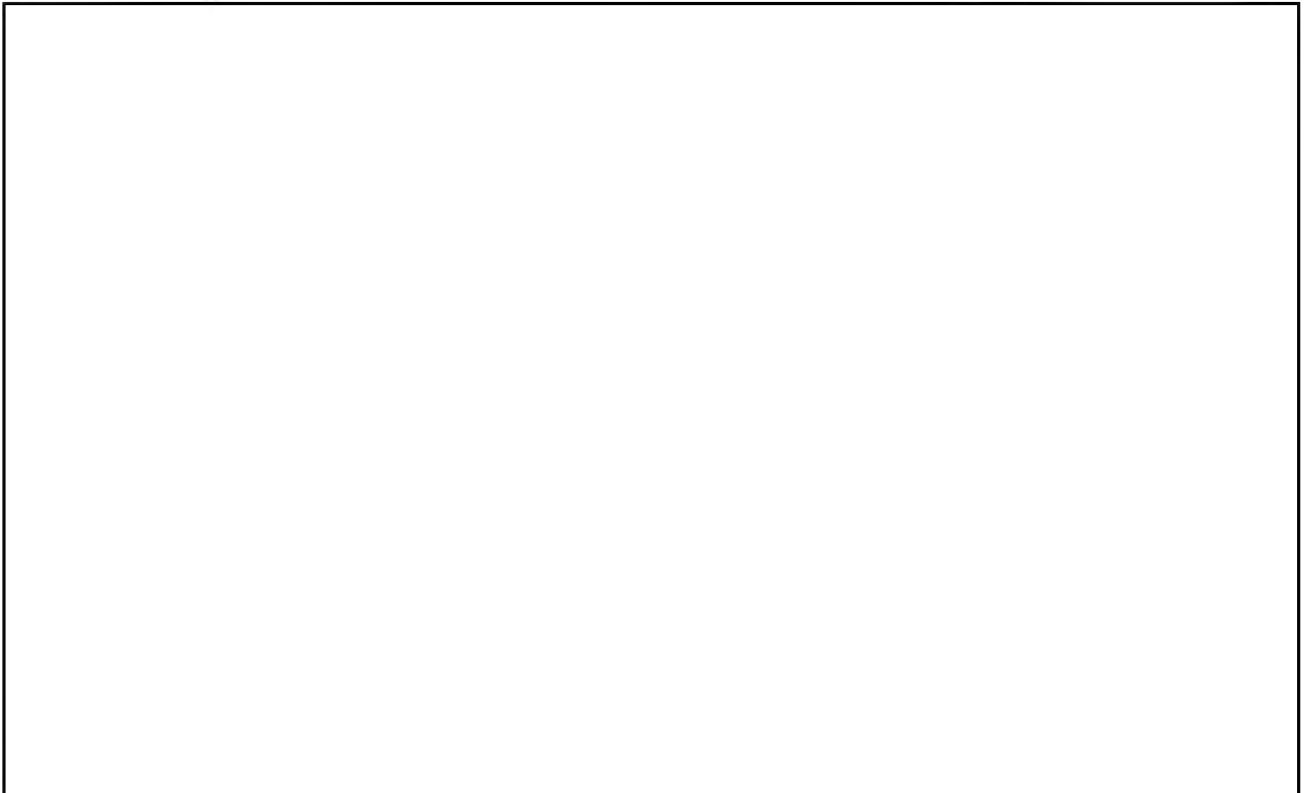
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BRIEFS

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Libya

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[REDACTED] //During its Revolution Day celebrations last Friday, Libya displayed its newest military equipment as well as other items it had previously shown. It will be some time before the Libyans are able to use this equipment unaided.//

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[REDACTED] //The appearance of the FROG-7 surface-to-surface rocket was the only surprise. Libya already has three brigades of longer range Scud missiles, and there was no indication that it would obtain the FROG-7 as well.//

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[REDACTED] //Other newly identified equipment included North Korean rocket launchers and mortars. The recently delivered Soviet-built SA-9 mobile surface-to-air missile system was also shown in the parade.//

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[REDACTED] //The highlight of the parade was the flyby of four MIG-25 interceptors that were delivered to Libya in July. Soviet pilots probably flew the aircraft, [REDACTED]

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Bangladesh

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[REDACTED] Bangladeshi President Ziaur Rahman announced on Friday the formation of a new Nationalist Party of which he will be Chairman. As leader of a political party, Zia thus assumes a role he has eschewed in the past; he had preferred to remain above party politics.

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[REDACTED] The new organization will include most of the parties that composed the Nationalist Front, which supported Zia during his recent campaign for the presidency. According to Zia, a general parliamentary election will be held in December, as promised earlier, but no specific date has been set. Zia also stated that martial law and restrictions on the activities of political parties will be lifted, but he gave no timetable.

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[REDACTED] In response to a charge that he is bringing the Army into politics, Zia announced that he is no longer the Army Chief of Staff--a title he has not used since before the presidential election. It is unclear whether the post is vacant or is occupied by an officer whose appointment has not yet been publicly disclosed. [REDACTED]

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